

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

THREE EMPIRE STATE PLAZA, ALBANY, NY 12223-1350

Internet Address: <http://www.dps.state.ny.us>

PUBLIC SERVICE COMMISSION

MAUREEN O. HELMER
Chairman

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JAMES D. BENNETT
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LAWRENCE G. MALONE
General Counsel

DEBRA RENNER
Acting Secretary

September 13, 1999

Hon. Magalie Roman Salas
Secretary
Federal Communications
Commission
445 12th Street, S.W., TWA-325
Washington, D.C. 20554

In the Matters of: Ameritech Corporation Telephone Operating Companies' Continuing Property Records Audit; Bell Atlantic (North) Telephone Companies' Continuing Property Records Audit; Bell Atlantic (South) Telephone Companies' Continuing Property Records Audit; BellSouth Telecommunications' Continuing Property Records Audit; Pacific Bell and Nevada Bell Telephone Companies' Continuing Property Records Audit; Southwestern Bell Telephone Company's Continuing Property Records Audit; and US West Telephone Companies' Continuing Property Records Audit - Docket No. 99-117; ASD File No. 99-22

Dear Secretary Salas:

The New York State Department of Public Service (NYDPS) submits this letter in response to the April 7, 1999 Notice of Inquiry in the above-captioned proceeding. The Federal Communications Commission's (FCC) Common Carrier Bureau Continuing Property Record (CPR) audit reports of the companies captioned above, including Bell Atlantic-North (BA-North), identified a number of deficiencies. NYDPS Staff is conducting an audit of Bell Atlantic-New York (BA-NY) based on the Common Carrier Bureau's findings and has concluded that certain deficiencies identified by the Bureau have merit and may need to be corrected by the company.¹

¹ To date NYDPS Staff has interviewed the FCC Audit Staff and reviewed its workpapers, sought information from BA-NY and met with BA-NY.

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First, we preliminarily agree with the Common Carrier Bureau's finding that certain central office equipment in BA-NY's CPR does not exist in BA-NY's inventory. Upon further examination the weakness appears to be one associated with inadequate recordkeeping: BA-NY did not record retirements, location changes and did not maintain the underlying cost support.

Second, the Common Carrier Bureau's conclusion that BA-North was unable to verify the existence of certain unspecified (undetailed and unallocated) plant investment was confirmed by our Staff. Our preliminary audits confirmed the Bureau's findings that BA-NY was unable to physically verify or provide cost support for any of this plant, which the company continued to include as assets on its books. There do not appear to be internal controls associated with these entries. The results of our ongoing examination of the company's asset verification process will be included in reply comments.

In summary, the FCC Staff Audit of Bell Atlantic-New York has revealed problems with the accuracy of the company's books and records which is subject to our further investigation. We will keep the Commission apprised of our final conclusions.

Sincerely,



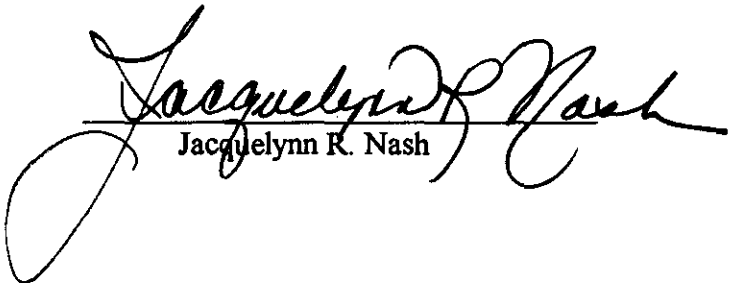
Lawrence G. Malone
General Counsel
New York State Department
of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

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DEPARTMENT OF PUBLIC SERVICE

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CERTIFICATE OF SERVICE

I, Jacquelynn R. Nash, hereby certify that an original and four (4) copies of comments in the above-captioned proceeding were sent via Airborne Express to Magalie Roman Salas, Secretary of the Federal Communications Commission. A copy was also sent via Airborne Express to Kenneth P. Moran, Chief, Accounting Safeguards Division, Common Carrier Bureau. In addition, a copy was filed using the Commission's Electronic Filing System and copies were sent by First Class Mail, postage prepaid, to all parties on the attached service list.


Jacquelynn R. Nash

Dated: September 13, 1999
Albany, New York

James Lanni
Rhode Island Division
of Public Utilities
100 Orange Street
Providence RI 02903

Joel B. Shifman
Maine Public Utility Commission
State House Station 18
Augusta ME 04865

Charles F. Larken
Vermont Department of
Public Service
120 State Street
Montpelier VT 05602

Rita Barmen
Vermont Public Service Board
112 State Street
Montpelier VT 05620-2701

Keikki Leesment
New Jersey Board of
Public Utilities
2 Gateway Center
Newark NJ 07102

Veronica A. Smith
Deputy Chief Counsel
Pennsylvania Public Utility
Commission
P.O. Box 3265
Harrisburg PA 17105-3265

Marlene L. Johnson
Chairperson
District of Columbia
Public Service Commission
717 14th Street, N.W.
Washington DC 20005

Telecommunications Report
1333 H Street, N.W. - 11th Floor
West Tower
Washington DC 20005

International Transcription
Services, Inc.
1231 20th Street
Washington DC 20036

Brad Ramsay
NARUC
1101 Vermont Avenue, NW
Suite 200
Washington DC 20005

Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, S.W.
Washington, DC 20554

Lawrence Strickling, Chief
Common Carrier Bureau
Federal Communications Commission
The Portals
445 Twelfth Street, S.W.
Washington, DC 20554

Camille Stonehill
State Telephone Regulation
Report
1101 King Street
Suite 444
Alexandria VA 22314

Alabama Public Service
Commission
P.O. Box 304260
Montgomery AL 36130-4260

Richard Collier
Chief Counsel
Tennessee Regulatory Authority
460 James Robertson Pky.
Nashville TN 37243-0505

Sandy Ibaugh
Indiana Utility
Regulatory Commission
901 State Office Bldg.
Indianapolis IN 46204

Ronald Choura
Michigan Public
Service Commission
6545 Mercantile Way
Lansing MI 48910

Mary Street
Iowa Utilities Board
Lucas Building
5th Floor
Des Moines IA 50316

Gary Evenson
Wisconsin Public
Service Commission
P.O. Box 7854
Madison WI 53707

Gordon L. Persinger
Missouri Public Service
Commission
P.O. Box 360
Jefferson City MO 65102

Sam Loudenslager
Arkansas Public Service
Commission
1200 Center Street
P.O. Box C-400
Little Rock AR 72203

Maribeth D. Swapp
Deputy General Counsel
Oklahoma Corp. Commission
400 Jim Thorpe Building
Oklahoma City OK 73105

Marsha H. Smith
Idaho Public Utilities
Commission
Statehouse
Boise ID 83720

Edward Morrison
Oregon Public Utilities
Commission
Labor and Industries Bldg.
Room 330
Salem OR 97310

Mary Adu
Public Utilities Commission of the
State of California
505 Van Ness Avenue
San Francisco CA 94102

Rob Vandiver
General Counsel
Florida Public Service
Commission
2540 Shumard Oak Blvd.
Tallahassee FL 32399-0850

Glenn Blackmon
Washington U&TC
1300 S. Evergreen Park Dr., S.W.
P.O. Box 47250
Olympia WA 98504-7250

Jeannie Grimes
Common Carrier Bureau
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington DC 20554

Myra Karegianes
General Counsel
Illinois Commerce Commission
State of Illinois Building
160 No. LaSalle - Suite C-800
Chicago IL 60601-3104

Ann Seha
Assistant Attorney General
Manager, Public Utilities Division
121 7th Place East, Suite 350
St. Paul MN 55101

Robin McHugh
Montana PSC
1701 Prospect Avenue
P.O. Box 202601
Helena MT 59620-2601

Virginia State Corp. Commission
P.O. Box 1197
Richmond VA 23201

Deonne Brunning
Nebraska PSC
1200 N. Street
Lincoln NE 68508

Wanda Harris
Common Carrier Bureau
Federal Communications Commission
445 12th St., S.W.
Washington DC 20554

Diane Munns
Iowa Utilities Board
Lucas State Office Building
Des Moines, IA 50319

Glen F. Ivey
Chairman
Maryland Public Service Commission
6 St. Paul Street
16th Floor
Baltimore, MD 21202-6806

The Hon. Michael K. Powell
Commissioner
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Fl
Washington, D.C. 20554

The Hon. Gloria Tristani
Commissioner
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Fl
Washington, D.C. 20554

The Hon. William E. Kennard
Chairman
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Fl
Washington, D.C. 20554

The Hon. Susan Ness
Commissioner
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Fl
Washington, D.C. 20554

The Hon. Harold Furchgott-Roth
Commissioner
Federal Communications Commission
The Portals
445 12th Street, S.W., 8th Fl
Washington, D.C. 20554

Bill Allen
Bell Atlantic Telephone Corp.
158 State Street
Albany, New York 12207

Mary Liz Hepburn
Bell Atlantic Telephone Corp.
1300 I Street, N.W.
Washington, D.C. 20005